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PRIVATE ACTIVITY BOND CAP ALLOCATION PROCESS AND INSTRUCTIONS

1. In 2002 the State will receive \$225 million of volume cap (the "State Ceiling") to be allocated to certain private activity bonds set forth in Section 146 of the Internal Revenue Code of 1986, as amended. Section 7C of the Iowa Code distributes the State Ceiling among these types of bonds. \$40.5 million (18%) of the State Ceiling is reserved for bonds issued for manufacturing purposes and \$6.75 million (3%) is reserved for bonds, the proceeds of which will be used by the Issuer itself. Please refer to Chapter 7C for a more complete discussion of the allocation process.
2. An Application (Form A) must be completed and submitted to the Governor's Designee by an officer of the Issuer, or an attorney or agent acting on behalf of the Issuer or the Borrower in order to request a portion of the State Ceiling. Application forms can be obtained from the Authority's website at www.ifahome.com. Submit a completed Form A to:

**Governor's Designee
Iowa Finance Authority
100 E. Grand Avenue, Suite 250
Des Moines, Iowa 50309
Attn: Community Development Finance Officer**

3. A completed Response (Form B) will be sent to the applicant reporting when an allocation is made.
4. If an allocation is made and if Bonds are issued prior to the expiration date set forth in the Response, a representative of the Issuer must complete and return the Notice of Issuance and Delivery of Bonds (Form C) within ten (10) days of the delivery date for the Bonds. If the actual principal amount of Bonds is less than the amount of the allocation, the allocation is automatically reduced to the principal amount of the Bonds.